

## MINUTES 10/28/13

### SELF-INSURANCE PROGRAM BOARD MEETING

A meeting of the Self-Insurance Program Board of Trustees was called to order at 2:53 p.m., Monday, October 28, 2013, in Personnel Conference Room #2 at 20 E. Main Street, Suite 130, Mesa.

#### MEMBERS PRESENT

Fenton Moran  
Art Schenkel  
Scott Somers  
Michael Kennington, CFO

#### MEMBERS ABSENT

Donna Feeney  
  
Nitra Hawkins – Safety

#### OTHERS PRESENT

Mary Dellai –Board Secretary  
Gary Manning – Human Resources Director  
Jan Ashley – Employee Benefits Administrator  
Services Administrator  
Debbie Spinner – City Attorney  
Marc Steadman – Deputy City Attorney's  
Matt Clark – City Council Assistant

Board member Somers called for the roll. Members present/absent noted above.

Board member Somers noted the next order of business was to elect a Chair for the Board. He called for nominations. Board member Michael Kennington nominated Board member Somers. The nomination was seconded by Board member Fenton Moran. Board member Somers accepted the nomination. The vote was unanimous in favor of the nomination.

Each City person present introduced him/herself to the Board with the exception of Matt Clark who was present as the public.

Board member Somers requested the meeting agenda be conducted out of order as he may have to leave before the end of the meeting if it would run long. He asked if the Open Meeting Law, Parliamentary Procedure and Conflicts Of Interest statutes could be covered as the last item since he heard the presentation last week.

The next order of business was to hear a presentation and discuss the various trust funds and related trust agreement.

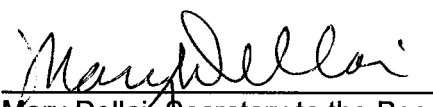
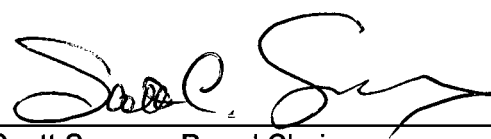
- Debbie Spinner gave an overview of the trust fund and handed to those present (See Item #1). The handout was a copy of the text from the City Code 2-17-1 Board Created and 2-17-2 Powers and Duties. She explained the powers and duties of the trustees related to the language in the Trust Agreement covering the three funds. She said that there are separate trust agreements for each fund with similar language. She discussed the authority to self-insure. She explained to determine financial viability, the Board may want to consider the history of costs and contributions to determine whether the Fund has a good balance to cover future claims. She discussed the various insurance expenditures needed for such funds.
  - Board member Moran asked how the City is represented in a claim. Debbie Spinner said that the City is represented by the City Attorney's Office and the Public Liability Trust fund pays claims. The City buys liability insurance to cover claims in excess of \$3 million.
- There was additional discussion regarding the history of costs to the fund and what a "good" balance would be in making a recommendation to the Council to ensure the fund is financially viable. The board makes a recommendation to Council for fund balance with the budget adoption in June.
- There was discussion led by Gary Manning regarding the other two trust funds. He noted they are similarly managed by City Administrators and are self-administered and self-funded. He said that at a future meeting there would be more in-depth of the financial information provided regarding the viability of the funds.

- It was noted that the next meetings should also post notice of an executive session if necessary.
- Board member Somers reminded the Board if they have an agenda item to get it to him, Debbie Spinner or Board Secretary Mary Dellai.

The City Attorney and Human Resources Director gave the Board members their contact information in case they have questions.

#### Adjournment

There being no further business, Board member Somers moved that the meeting be adjourned. Board member Schenkel seconded the motion. All concurred. The Board adjourned at 3:48 p.m.

 1/9/14	 1/9/14
Mary Dellai, Secretary to the Board      Date	Scott Somers, Board Chair      Date

XC: Christopher J Brady, City Manager  
DeeAnn Mickelsen, City Clerk  
Self-Insurance Trust Funds Board Members  
Mayor's Office

2-18-

2-18-

## **LANGUAGE IN THE TRUST AGREEMENT**

### **POWERS AND DUTIES OF THE TRUSTEES**

The Trustees shall make recommendations to the Council regarding the financial viability of the trusts and shall perform such other duties as may be delegated by the Council from time to time.

The daily operations of the Workers' Compensation self-insurance program shall be performed by the Safety Services/Workers' Compensation Administrator in compliance with Title 23, Chapter 6, Arizona Revised Statutes, and under the direction of the Human Resources Director.

The Safety Services/Workers' Compensation Administrator, with the authority of the City Manager or his Designee, shall have the authority to recommend procurement of any and all liability insurance. Final procurement of insurance will be pursuant to Section 609 of the City Charter.

The Safety Services/Workers' Compensation Administrator shall have the authority to utilize the Trust to pay workers' compensation claims and expenses/costs relating to such claims as set forth in City Charter.

(4)

## CITY OF MESA EMPLOYEE BENEFITS TRUST FUND

### History of the Fund:

- **When and how was it formed? Under what authority?**  
The Employee Benefit Trust Fund was formed in 1979 with an Ordinance authorized by City Council that directed City Management accordingly.

### Purpose of the Fund:

- **What is the primary purpose of the fund?**  
The Employee Benefits Trust Fund is a restricted fund that pays for the City of Mesa Health Plan and related employee and retiree health and welfare benefit programs.

### Fund Management

- **What office manages the fund?**  
Fund management is coordinated through the City of Mesa Employee Benefits Administration Office (manages and administers the underlying employee benefit programs), the Office of Management and Budget (budget allocation) and the City's Finance Department (investment functions).

### Fund Review

- **Where do contributions come from?**  
The Employee Benefits Trust Fund derives contributions from City/employer contributions from the general operating budget, employee and retiree contributions from payroll deduction and direct pay sources, Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS) retiree health plan subsidy payments, medical stop loss insurance reimbursements, prescription drug manufacturer rebates, Retiree Drug Subsidy (RDS) reimbursements and investment income revenues.
- **Examples of typical expenditures?**  
Fund revenue provides payment for self-insured medical, prescription drug and dental claims, fully insured premiums, administrative expenses/fees, benefits department personal services/commodities and professional/technology services and fees that support the delivery of benefit programs to eligible employees, retirees and dependents of the City of Mesa.
- **Brief review of annual fund contributions and expenditures going back 3 years**

Employee Benefits Trust Fund	FY 2010/2011	FY 2011/2012	FY 2012/2013
Contributions/Income	\$59,385,837	\$63,028,006	\$59,376,834
Expenditures/Disbursements	\$53,028,603	\$53,865,562	\$54,942,650
Increase/(Decrease) Fund	\$6,357,234	\$9,162,444	\$4,434,184

(6)

### THE OPEN MEETING LAW A.R.S. 38-431 et. seq.

### THE OPEN MEETING LAW

Arizona law states:

- › All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings. All legal action of public bodies shall occur during a public meeting. A.R.S. §38-431. 01(A)

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### PURPOSE OF THE OPEN MEETING LAW

- › To ensure that the public has an opportunity to observe what the government is doing, and how it is being done.

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### State Policy A.R.S. 38-431.09

- › Meetings of public bodies shall be conducted openly
- › Notices and agendas provided for meetings with information reasonably necessary to inform the public of matters to be discussed or decided
- › Construe OML in favor of "open and public meetings"

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### FACTORS CONTINUED

- Methods of communications
  - Phone call
  - E-mail
  - Letters
  - Blogs
- Using staff to transmit information

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### COMMUNICATION WITH STAFF

- Council may communicate with staff.
- Staff can provide the Council with factual information outside a public meeting.
- Staff cannot be used to side step the open meeting law.

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### Agenda

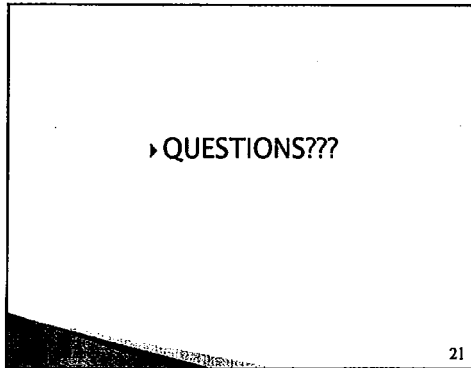
- Must be posted 24 hours in advance (excludes Sundays and Legal Holidays).
- Back up material must be available 24 hours in advance.
- Must "reasonably" inform public of issues to be discussed.
- All discussions must be "reasonably" related to an agenda item.

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### Conducting Meetings

- The Chair manages the meeting, subject to motions approved by the Board.
- Public bodies may impose reasonable time, place, and manner restrictions on speakers.

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#### WHAT IS A REMOTE INTEREST?

- Non-salaried officer of nonprofit corp.
- Benefit is no greater than benefit received by others
- Reimbursement of expenses
- Landlord/Tenant of contracting person
- Attorney of contracting person
- Insignificant stock ownership
- Relatives of school board members
- Interests of other public agencies

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- ✱ Must be an issue that is before the board or will likely come before the board

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#### WHAT IF I HAVE A CONFLICT?

- ✱ Must declare the conflict on the record
- ✱ Must not participate in any manner
  - + Includes all conversations before, during and after the vote.

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#### GIFTS

- ✱ Page 6-7 of Ethics Handbook
- ✱ Must file a statement with Clerk's Office stating that you accepted a gift if:
  - + The gift came from someone with business before the committee, AND
  - + The gift exceeds \$50 in value or includes tickets for sporting events or entertainment tickets, regardless of their value.

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## PARLIAMENTARY PROCEDURE

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**MESA CITY ATTORNEY  
(480) 644-2325**

## Parliamentary Procedure

②

- Mesa has NOT adopted Robert's Rules of Parliamentary Procedure.
- Mesa Code gives Mayor/Chairperson authority to run the meeting "so as to accomplish the public's business fairly, yet efficiently." MCC1-5-8.

## Authority of Chairperson

③

- 1. To determine the order in which persons speak
- 2. To require a group to designate a spokesperson
- 3. Establish time limits for speakers
- 4. Take other actions needed to properly conduct the meeting
- MCC1-5-8

## Authority of Chairperson

④

- The Chairperson's decision regarding an issue of parliamentary procedure is final unless 2/3 of Board vote to overturn the decision.

### Definition of Majority

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- Boards may adopt bylaws stating that only a majority of the members present is needed for a motion to pass.
- If bylaws have not been adopted, must have a majority of entire board for motion to pass. Mesa City Charter Section 209(D).

### Motion for Reconsideration

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- Must be made by a Board member who voted with the majority.
- When motion to reconsider must be made:
  - Before the Board's recommendation is presented to the Council.

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- QUESTIONS?